

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

July 22, 2016

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Hawaii

**Report to the Board of Land and Natural Resources Regarding the Status of Revocable Permit Nos. S-5127, McCandless Ranch and Cattle Co., S-7193, W.B. Kukio Resorts, LLC and S-7867, Country Club Hawaii, Inc. The Board Specifically Expressed its Desire to Revisit the Rent Charged Under Revocable Permit No. S-7867, and Assess Whether Revocable Permit No. S-5127 and Revocable Permit No. S-7193 Should Continue Past June, 2016.**

At its meeting of December 11, 2015 under agenda item D-14, the Board of Land and Natural Resources reviewed the annual renewal of revocable permits on the islands of Hawaii, Maui, Molokai, Kauai and Oahu.

The Board requested staff return to the Board in June 2016 with a report on three specific permits: RP S-7867 to the Association of Apartment Owners of Country Club Hawaii, Inc. (Exhibit 1), RP S-5127 to McCandless Land and Cattle Co. (Exhibit 2), and RP S-7193 to W.B. Kukio Resorts, LLC, (Exhibit 3). Specifically, the Board expressed a desire to revisit the rent charged under RP S-7867, and assess whether RP S-5127 and RP S-7193 should continue past June 2016.

**EVALUATION:**

**Revocable Permit No. S-7867, Association of Apartment Owners of Country Club Hawaii, Inc.**

At its meeting of June 26, 2015 under agenda item D-4, the Board approved the issuance of a month-to-month revocable permit to the Association of Apartment Owners of Country Club Hawaii, Inc. for apartment and hotel purposes. In recommendation item 4.b, the initial monthly rent for the first year was set at \$4,083.00. In the event the revocable permit is extended beyond the first year, the rent payable may be redetermined by the Board and may be based on the improved land value.

An independent appraiser has been procured to determine the monthly rental fee for the property based on land only and land with improvements. Upon completion of the appraisal analysis, staff will return to the Board for determination of future rental fees.

**Revocable Permit No. S-5127, McCandless Land and Cattle Co.**

This permit is situated on 1,258 acres of State land in Waiea, South Kona. It is a landlocked parcel with no legal access. The permittee, McCandless Land and Cattle Co. (McCandless), is the owner of several parcels adjacent to the southern portion of the State land. The northern boundary is land owned by the federal government and managed by the U. S. Fish & Wildlife Service (USFW) as an Alala Restoration Area. The permittee has been working with the USFW in constructing and maintaining an ungulate fence along the boundary.

According to the General Manager for McCandless, Keith Unger, the permittee had ceased cattle operations on the State land for some time. However, they still utilize the parcel as an access route to their mauka properties and wish to continue the access use. Two alternatives for this property are to cancel the existing revocable permit and issue a new one limited to access purposes along tracks indicated on a map, or to cancel the existing permit and issuance a term easement for access purposes. The latter alternative would involve considerable expense to McCandless because applicant would have to survey the easement corridors and pay the easement consideration. On either alternative, staff would need to consult with the Division of Forestry and Wildlife and other agencies regarding any concerns they may have on the potential dispositions for this parcel.

**Revocable Permit No. S-7193, W.B Kukio Resorts, LLC**

This permit is situated on 2,607 acres of State land in Maniniowali, Kukio 2<sup>nd</sup>, North Kona and consists of two separate parcels of land.

The larger parcel, TMK: (3) 7-2-004:004, is approximately 2,454 acres and is located mauka of the Queen Kaahumanu Highway within close proximity of the Four Seasons Hualalai Resort area. The terrain is extremely coarse with the predominant vegetation consisting of fountain grass.

A conservation plan was drawn up by the USDA Natural Resource Conservation Service (NRCS) with the recommendation that the fountain grass be controlled by the grazing of cattle in order to mitigate any possible outbreak of wildfires. Due to the limited resources, cattle can only be maintained for approximately 3 to 4 months of the year. Movement of the herds is controlled by the placement of water troughs throughout the open areas. Water is supplied by the permittee's own water source located adjacent to the State parcel.

The permittee has an arrangement with a local rancher (Travis Gomes) to rotate his cattle when needed and without compensation. Mr. Gomes has a similar arrangement with the abutting landowners, Kamehameha Schools and Makalei Ranch, LLC. The primary purpose for this is to mitigate any potential for wildfires in the area.

As part of the Conservation Plan, the NRCS required the permittee to install ungulate proof fencing around an area containing Lama Trees (*Diospyros sandwicensis*) also known as Hawaiian Ebony. This area is situated in the upper portion of the parcel at an elevation of approximately 380 meters (1,246 feet).

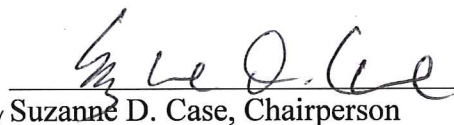
The smaller parcel, TMK: (3) 7-2-006:017, is approximately 153 acres and is located makai of the Mamalahoa Highway. This parcel is landlocked and can only be accessed through a private roadway that passes through to the larger parcel. The topography is very similar to the other property and is utilized in much the same manner.

An absence of available water and the extremely poor soil conditions, along with a lack of accurate survey maps of the area, make these lands unsuitable for long-term leasing.

Respectfully Submitted,

  
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Gordon C. Heit  
District Land Agent

APPROVED FOR SUBMITTAL:

  
\_\_\_\_\_  
Suzanne D. Case, Chairperson



TMK: (3) 2-1-05:20

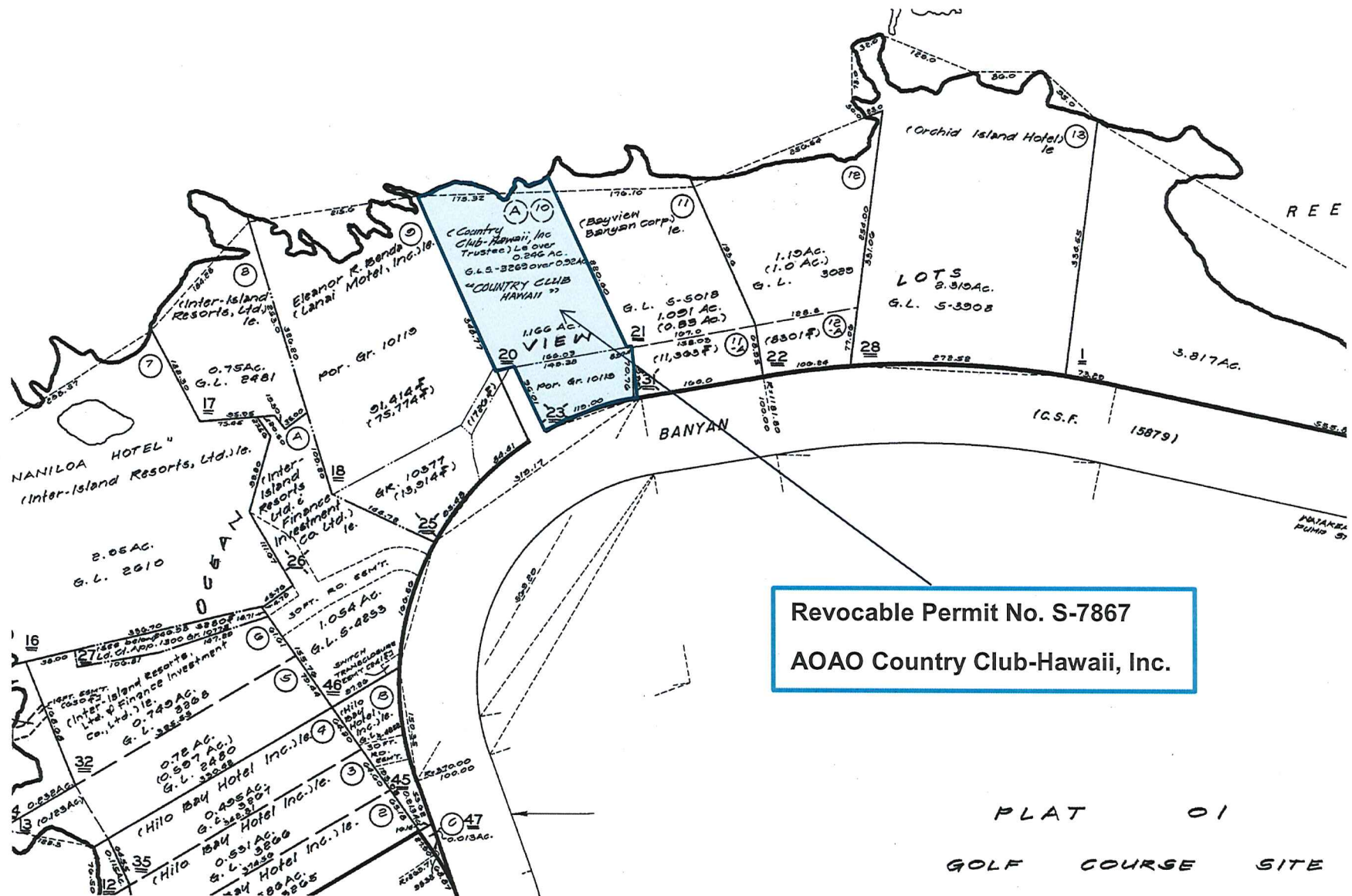


EXHIBIT 1



# Revocable Permit No. S-7867



EXHIBIT 1

0 85 170 340 510 680 Feet

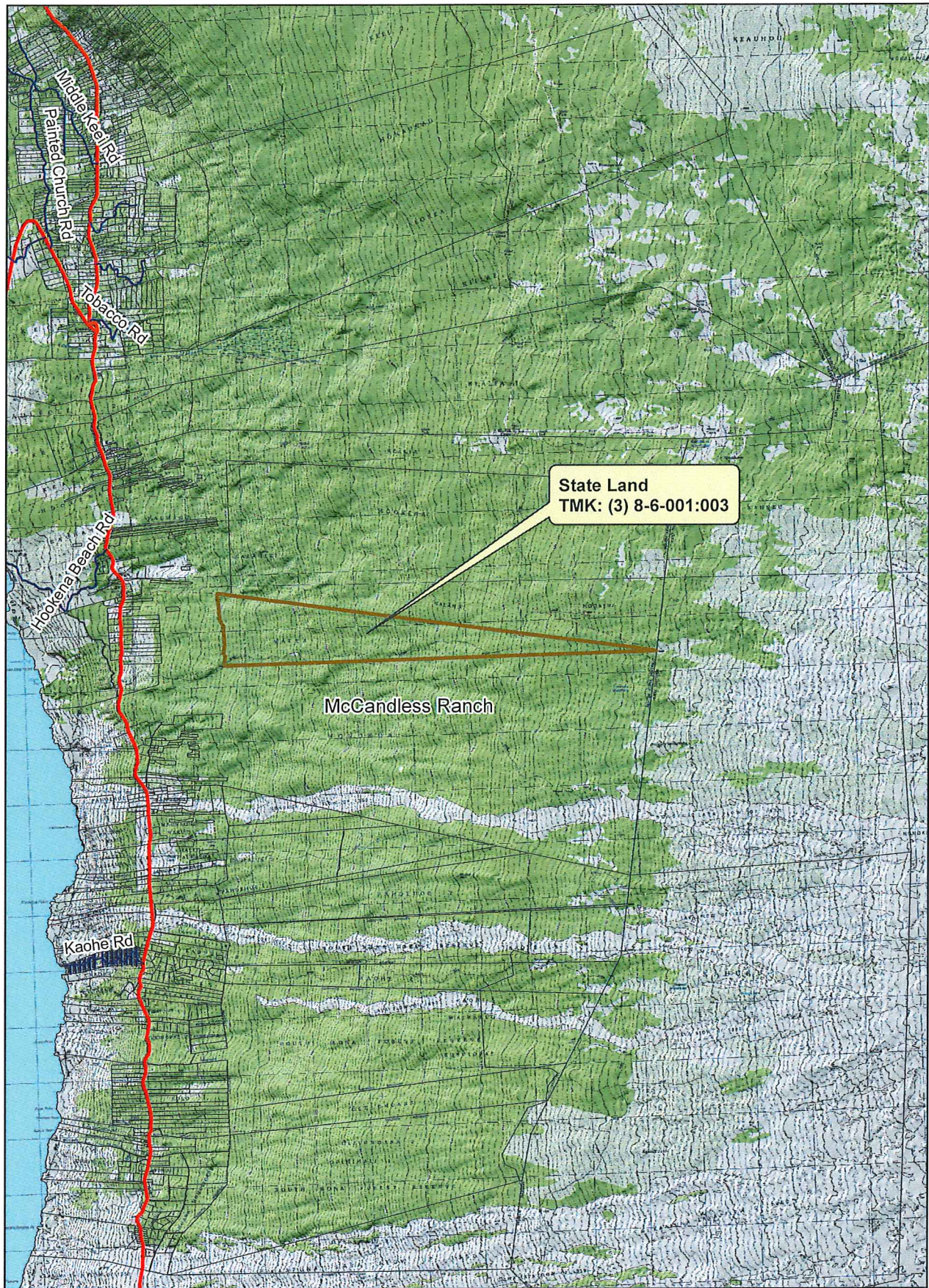








# RP S-5127



0 2,750 5,500 11,000 16,500 22,000  
Feet





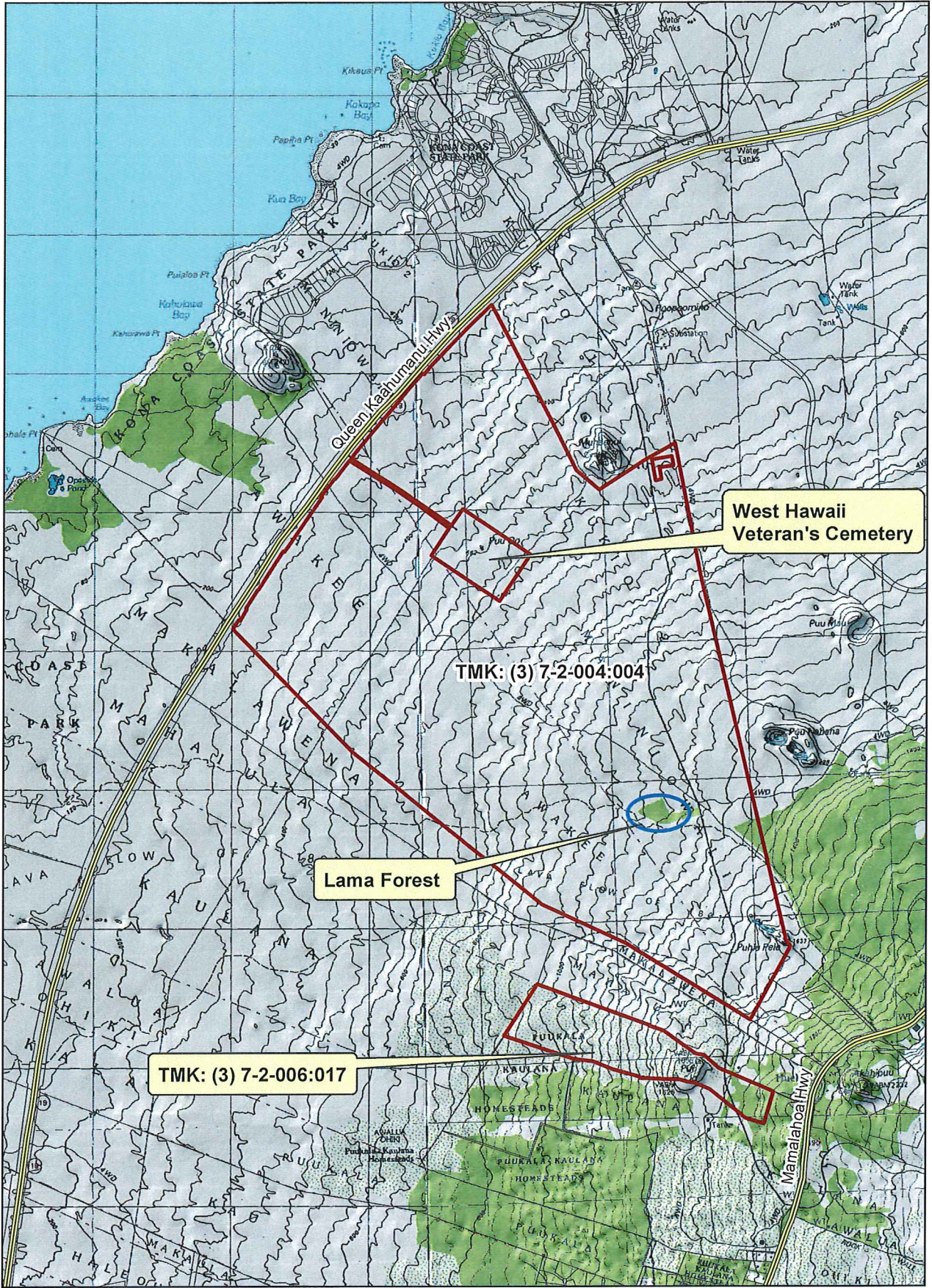
## EXHIBIT 3



## EXHIBIT 3



# Revocable Permit No. S-7193



Meters

0    350    700            1,400            2,100            2,800

